

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 05014 131852Z

ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 STR-04

XMB-02 L-03 PA-01 PRS-01 USIA-06 SS-15 NSC-05

SP-02 CIAE-00 INR-07 NSAE-00 ITC-01 /069 W

-----140344Z 058148 /66

R 131645Z APR 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6221

USDOC WASHDC

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE MOSCOW 5014

E.O. 11652: N/A

TAGS: CSCE, ETRD, EEWT, US, UR

SUBJECT: SOVIET PRESS LINKS DISCRIMINATORY US TRADE LEGISLATION AND
CSCE

SUMMARY: BY LINKING THE DEVELOPMENT OF TRADE TO THE
HELSINKI FINAL ACT, A LOCAL MOSCOW NEWSPAPER ARTICLE UNDER-
SCORES SOVIET VIEW THAT US TRADE POLICY IS A GRIEVANCE
WHICH THE SOVIETS COULD RAISE IN THE CSCE FOLLOW-UP DIS-
CUSSIONS IN BELGRADE, SHOULD THEY DESIRE TO DO SO. IN
THE ARTICLE A NOVOSTI ECONOMIC COMMENTATOR COMPLAINS OF
US TRADE LEGISLATION DISCRIMINATING AGAINST THE USSR IN
NON-MFN STATUS FOR THE USSR, EXPORT CONTROL REGULATIONS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 05014 131852Z

AND EX-IM BANK LEGISLATION, WITH TWO-THIRDS OF THE ARTICLE
DEVOTED TO THOSE MEASURES WHICH RESTRICT US EXPORT TO
THE SOVIET UNION. AS USUAL, THE ARTICLE IMPLIES THAT IT
IS ONLY EXISTING TARIFF DISCRIMINATION AGAINST THE USSR
WHICH PREVENTS A BALANCING OF TRADE, NOW GREATLY IN FAVOR
OF US, AND WARNS THAT "IT IS COMPLETELY CLEAR THAT THE
SOVIET SIDE CANNOT FOREVER RECONCILE ITSELF TO SUCH A

SITUATION." END SUMMARY.

1. BEGIN UNCLASSIFIED. APRIL 3 MOSKOVSKAYA PRAVDA ARTICLE BY A. GUBER, ECONOMIC COMMENTATOR OF NOVOSTI PRESS AGENCY, DISCUSSES US LEGISLATIVE BARRIERS TO US-SOVIET TRADE AND LINKS US TRADE POLICY BOTH TO THE OBLIGATIONS OF SIGNATORIES OF THE HELSINKI FINAL ACT AND TO THE LOSS BY AMERICAN FIRMS OF SALES TO THE SOVIET UNION. GUBER RECALLS THAT FINAL ACT CALLS FOR DEVELOPMENT OF ECONOMIC COOPERATION BETWEEN GOVERNMENTS WITH DIFFERNT SOCIAL SYSTEMS AND THAT GROWTH IN INTERNATIONAL TRADE IS AN IMPORTANT INSTRUMENT IN STRENGTHENING PEACE AND PROMOTING ECONOMIC PROGRESS. THEREFORE, ACCORDING TO GUBER, THE QUESTION OF WHAT IS HINDERING TRADE GROWTH IS A MATTER OF IMMEDIATE CONCERN, AS IS WITNESSED BY DISCUSSION OF TRADE BARRIERS BY PRESS, POLITICIANS AND BUSINESS CIRCLES IN MANY COUNTRIES. GUBER THEN PROCEEDS TO DISCUSSION OF THREE CATEGORIES OF DISCRIMINATORY US TRADE POLICIES TOWARD THE USSR AND OTHER "SOCIALIST" COUNTRIES: TARIFF DISCRIMINATION, ADMINISTRATIVE LIMITATIONS (EXPORT CONTROLS) AND CREDIT LIMITATIONS.

2. ASSERTING THAT TARIFF DISCRIMINATION WAS ORGINALLY IMPOSED DURING THE "COLD WAR", GUBER CITES SPECIFIC CATEGORIES (ELECTRICAL EQUIPMENT, MEANS OF TRANSPORTATION, CHEMICAL PRODUCTS) WHERE NON-MFN TARIFF IS 4 TO 8 TIMES HIGHER AS EXAMPLES TO SHOW HOW EGREGIOUSLY DISCRIMINATORY NON-MFN STATUS IS. HE CLAIMS THAT THIS KIND OF DISCRIMINATION HAS EXCLUDED MANY DEALS WHICH AMERICAN IMPORTERS WOULD LIKE TO HAVE CONCLUDED WITH THE SOVIET UNION, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MOSCOW 05014 131852Z

SPECIFICALLY CITING THE YAK-40 AND SOVIET SPORTS AND HUNTING ARMS. BEYOND SUCH CONCRETE EXAMPLES, HE STATES THAT US TRADE DISCRIMINATION INHIBITS LONG-TERM SOVIET-AMERICAN ECONOMIC COOPERATION, AND HE WARNS "IT IS COMPLETELY CLEAR THAT THE SOVIET SIDE CANNOT FOREVER RECONCILE ITSELF TO SUCH A SITUATION" (I.E. HEAVY TRADE SURPLUS FOR THE US).

3. ACCORDING TO GUBER, US EXPORT CONTROLS ARE A BARRIER TO US SALES TO THE USSR AS THEY LEAD TO GREAT UNCERTAINTY WHETHER US COMPANIES CAN SELL THEIR PRODUCTS TO THE SOVIET UNION, AND THE SOVIETS FIND IT PARTICULARLY AGGRAVATING THAT THEY CANNOT KNOW IN ADVANCE WHETHER A SALE WILL BE APPROVED, AND THAT THE NEED FOR APPROVAL OFTEN ENTAILS LONG DELAYS. THE COMPUTER SALE BY IBM TO INTOURIST IS A CASE SPECIFICALLY CITED.

4. GUBER CITES SEVERAL AMERICAN SOURCES ON THE NEGATIVE EFFECT THAT THE NON-AVAILABILITY OF EX-IM BANK FINANCING

HAS HAD ON US EXPORTS AND GIVES SPECIFIC EXAMPLES OF POSSIBLE PURCHASES FROM AMERICAN COMPANIES WHICH FELL THROUGH BECAUSE THE AMERICAN COMPANY COULD NOT COMPETE WITH WESTERN EUROPEAN FIRMS ON FINANCING (ALCOA FOR AN ALUMINUM COMPLEX AND GE FOR COMPRESSOR STATIONS). THE THEME THAT IT IS THE US, AND NOT THE SOVIET UNION, WHICH IS HURT BY FINANCING RESTRICTIONS IS SUPPORTED BY LENGTHY QUOTATIONS FROM DONALD KENDALL SPEECH TWO YEARS AGO IN WHICH KENDALL SPOKE OF THE JOB-CREATING EFFECT OF EXPORT CREDITS FOR PURCHASES BY THE SOVIET UNION. END UNCLASSIFIED

5. BEGIN LOU: COMMENT. THIS ARTICLE PRESENTS ITSELF AS A STRAIGHTFORWARD DISCUSSION WITHOUT POLEMICS OF EXISTING US BARRIERS TO US-SOVIET TRADE. IT CITES INJURY TO US EXPORTS AND THE US ECONOMY TO MAKE US POLICY APPEAR UNREASONABLE IN TERMS OF US INTERESTS. MORE IMPORTANTLY, THE OPENING PARAGRAPHS PORTRAY CURRENT US TRADE POLICY AS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MOSCOW 05014 131852Z

NON-OBSERVANCE OF AT LEAST THE SPIRIT OF THE HELSINKI FINAL ACT. ALTHOUGH THE SOVIETS HAVE VOICED THIS COMPLAINT BEFORE, THIS IS THE FIRST TIME WE HAVE SEEN IT PRESENTED IN SUCH A DOCUMENTED FORM. IT SHOWS ONE FORM IN WHICH AN ACCUSATION UNDER BASKET II COULD BE RAISED AT BELGRADE IN RESPONSE TO WESTERN ACCUSATIONS OF SOVIET NON-COMPLIANCE. THAT SUCH AN ARTICLE HAS NOT APPEARED IN THE CENTRAL PRESS INDICATES THAT THE SOVIETS ARE NOT YET READY TO HIGHLIGHT THIS ISSUE. END LOU.
TOON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, TRADE DISCRIMINATION, LAW, COLLECTIVE SECURITY
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW05014
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770129-0044
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770462/aaaacbmm.tel
Line Count: 149
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b25735a6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2821866
Secure: OPEN
Status: NATIVE
Subject: SOVIET PRESS LINKS DISCRIMINATORY US TRADE LEGISLATION AND CSCE SUMMARY: BY LINKING THE DEVELOPMENT OF TRADE TO TH
TAGS: ETRD, EEWT, US, UR, CSCE
To: STATE COM
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/b25735a6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009